

# SENATE . . . . . No. 499

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## The Commonwealth of Massachusetts

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PRESENTED BY:

**Morrissey, Michael (SEN)**  
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*To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:*

The undersigned legislators and/or citizens respectfully petition for the passage of the accompanying bill:

An Act requiring banks to provide immediate overdraft notification.

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PETITION OF:

NAME:

Morrissey, Michael (SEN)

DISTRICT/ADDRESS:

Norfolk and Plymouth

[SIMILAR MATTER FILED IN PREVIOUS SESSION  
SEE SENATE, NO. S00620 OF 2007-2008.]

## **The Commonwealth of Massachusetts**

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**In the Year Two Thousand and Nine**

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### **AN ACT REQUIRING BANKS TO PROVIDE IMMEDIATE OVERDRAFT NOTIFICATION.**

*Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:*

1           SECTION 1. Section 1 of chapter 167D of the General Laws, as appearing in the 2004  
2   official edition, is hereby amended by inserting after the definition “Federally-chartered bank” the  
3   following:- “Overdraft Fee” is a fee that a bank charges a customer when said customer  
4   withdraws an amount of funds from his bank account which results in a negative balance. The  
5   bank shall not assess a fee that exceeds the cost necessary to address the administrative costs to  
6   address to over withdrawal.

7   Chapter 167D of the General Laws, as appearing in the 2004 official edition, is hereby amended  
8   by inserting after section 36 the following new section:-

9   Section 37. Every bank in the Commonwealth shall notify its customer of overdraft fee at the  
10   point of the withdrawal should the customer’s withdrawal of funds from his bank account result  
11   in a negative balance in said account and the bank shall not allow said withdrawal or charge an  
12   overdraft fee until the conditions of this section are met; provided that this notification shall

13    apply in instances when a customer makes a withdrawal at the bank in person, a customer makes  
14    a withdrawal at an Automatic Teller Machine (ATM), or a customer makes a withdrawal at a  
15    Automatic Teller Machine (ATM) transaction at a retailer; provided further that, said notification  
16    can be in the form of verbal communication from the bank's agent, electronic display on a screen  
17    from the bank, or the denial of the withdrawal; provided further that said denial of withdrawal  
18    shall include a contact telephone number for the consumer from the bank; provided further that,  
19    said notification shall inform the consumer of the cost of the overdraft fee and the amount in the  
20    account will be in negative balance as a result of the withdrawal and the option to continue the  
21    transaction. Nothing in this section shall prohibit the customer, bank or retailer from continuing  
22    the transaction; provided that, the customer has agreed to pay the overdraft fee to the bank and  
23    have his account go into negative balance.